

Exhibit DD

FORTNITE

THE NEW SOCIAL MEDIA?





NRG is a leading global insights and strategy firm at the intersection of entertainment and technology. The world's biggest marketers turn to us for insights into growth and strategy for any content, anywhere, on any device. Watch This Space is a think tank at NRG, producing thought leadership on frontier technology and content.

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WHY YOU NEED TO WATCH THIS SPACE

1

In an era defined by immersive experiences, every brand should think like an entertainment company to win and keep consumer attention. In less than two years, Fortnite has attracted more than 250 million users around the world, and for its audience of teens (ages 10-17) who play at least once a week, Fortnite is consuming a colossal 25% of their free time. Offering brands access to significant young audiences who watch less traditional TV, Fortnite is changing the way consumers and brands are interacting and opening up new opportunities for live experiences.

2

Emergent platforms such as Fortnite are catalyzing authentic connection in digital spaces, allowing users to express “who I am now” and connect on a level that is more uncurated and unfiltered. Fortnite is the number one service tweens are plugging into more this year than last, and audiences cite its social elements as the primary motivators for playing: it’s the best place to be my authentic self and to connect to what everyone is talking about, making me feel like I’m not alone.

3

This research points to a unique framework for understanding the Fortnite phenomenon—a universe full of interesting paradoxes: it’s a competitive game that fosters deep community; it’s an immersive experience centered around lasting connection; it’s a playground to be anybody, yet it’s the most authentic expression of our true selves. With polarization and divisiveness seemingly defining our culture, Fortnite presents a more hopeful meta-verse where community, inclusivity, creativity and authentic relationships can thrive.

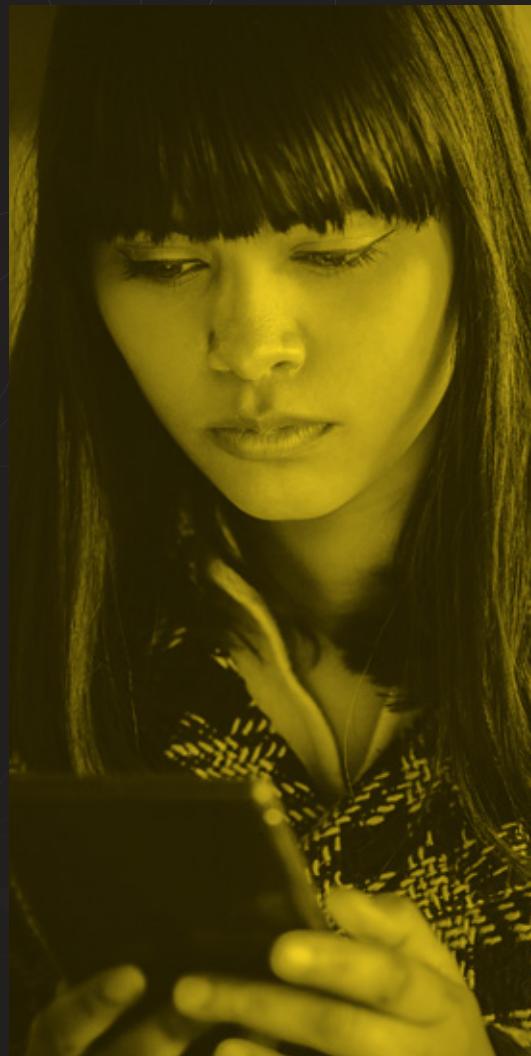
The evolving nature of social in the new era of platform

➤ The more *plugged in* to social media we are, the *less connected* we feel

Around three billion people (around 40% of the world's population) use online social media, spending an average of two hours every day sharing, liking, tweeting and updating their online profiles. Increasingly, many find that living behind a social media mask can cause tensions when it comes to self-esteem, loneliness and anxiety. Meanwhile, trust in social media brands is steadily declining.

➤ Social means *emotional exchange*

Consumers demonstrate deeper loyalty when they find emotional value in their experience, and they need to be given the mechanics to create that sense of meaning. Emergent platforms such as Fortnite are catalyzing authentic connection in digital spaces, allowing users to connect on a level that is more uncurated and unfiltered. By forging validating personal connections, Fortnite users are compelled to spend more and more time in this uniquely social space.



➤ The community-competition paradox

NRG has created a framework for how users talk about “social” in a casual gaming context, which we refer to as “the Community-Competition Paradox.”

The three pillars of Community are:

Collaboration, working towards a common goal

Connection, deepening ties with friends, family or strangers on- or offline

Belonging, feeling part of a group or community larger than oneself

The three pillars of Competition are:

Head-to-head, playing against friends or other users

Comparison, measuring standings, creations or achievements against others

Status, aspiring to be seen as skilled, accomplished or elite

While it is often assumed that Community and Competition occupy opposite ends of the social spectrum, the two have a strong positive correlation and complement each other.

Our research, as well as findings from Quantic Foundry’s Gamer Motivation Profile, reveal that Community and Competition motivations tend to correspond with a single social factor.

➤ Fortnite is a competitive game that serves up community

Fortnite has become more than a game to many and is often referred to as a “third place” for digital natives. More than a decade ago, a study published in the Journal of Computer-Mediated Communication, explored how massive multiplayer online games (MMOs) are “third places”—replacing “pubs, coffee shops and other hangouts of old” to make new friends and build social bonds.

Although the Battle Royale mode is highly competitive in nature, many young Fortnite players use the game as a place to socialize with others and to express their authentic selves, purchasing “skins” to customize the look of their in-game avatars, performing dance modes and engaging in an increasingly immersive virtual world.

Applying a comparative lens between Fortnite and leading social, gaming and video brands, NRG’s **Fortnite, The New Social Media?** deep dives into the Community-Competition paradox when creating “social” spaces, and the importance of giving consumers control and opportunities for authentic self-expression.

“With the overwhelming amount of stories and experiences at the touch of our fingertips, it’s increasingly difficult to win and keep consumer attention. A key feature of Fortnite is enabling consumers to express their authentic self, moment to moment: how will this change the way we connect and communicate? How is Fortnite’s uniquely immersive universe impacting our consumption? How is this competitive game that creates community changing how we play?”

- Jon Penn, CEO, NRG

Fortnite and today's top platforms go head-to-head for tomorrow's audiences

NRG's new research uncovers what makes Fortnite sticky and unique for its fans and what this means for the future of all forms of entertainment.

Methodology: NRG surveyed a nationally representative sample of n=1500 general consumers for one continuous week in March 2019.

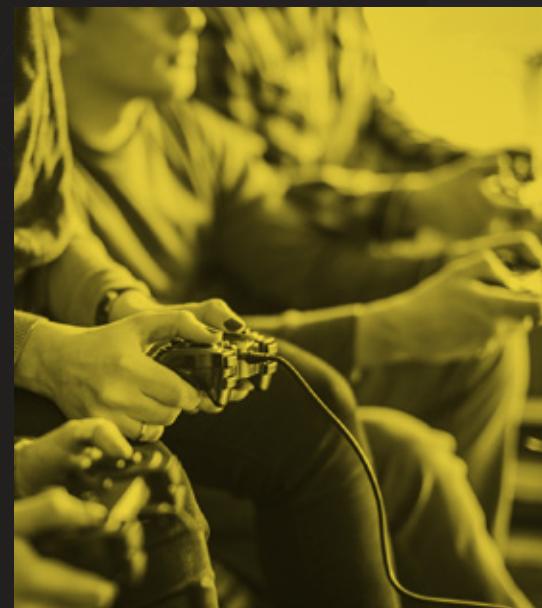
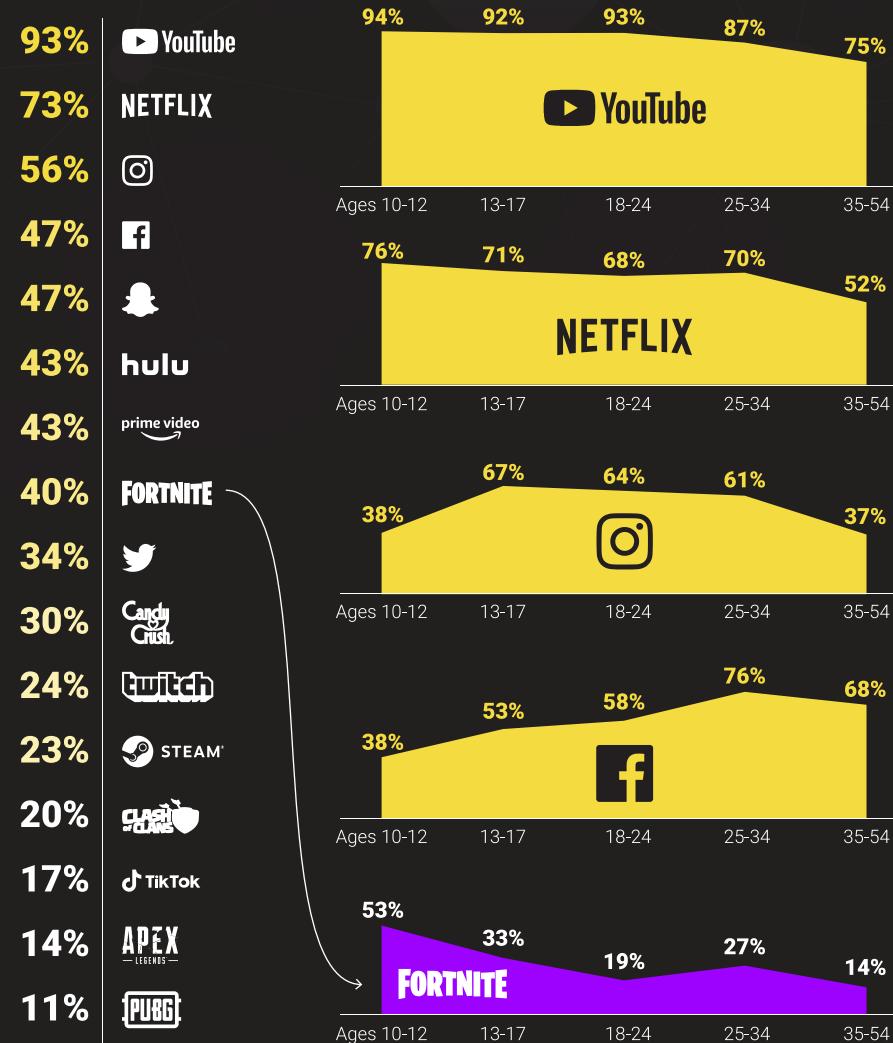
➤ The Fortnite phenomenon is huge among tweens and teens and continues to grow

In less than two years, Fortnite has attracted over 250 million users around the world, driven by an army of teens and tweens. Among the 40% of US teens (ages 10-17) who play at least once a week, Fortnite consumes an average of 25% of their leisure time.

Further, Fortnite is experiencing significant momentum among young audiences. 82% of its total audience is under 35 years old. Fortnite is the number one service tweens (ages 10-12) are using more in 2019, with 2 in 3 saying they're playing more Fortnite this year than last.

Total weekly usage for Americans ages 10-17

Fortnite use skews younger, similar to YouTube and Netflix, while Facebook skews 18+





Fewer

More tweens report increased usage

60%



Almost **2 in 3** Fortnite weekly players 10-17 say Fortnite is *on the way up*, behind only Netflix and YouTube (62% each).

34%



About **1 in 3** of all people say that legacy social media like Facebook, Twitter and Snapchat, are *on the way up*.

► Fortnite steals time from all leisure activities

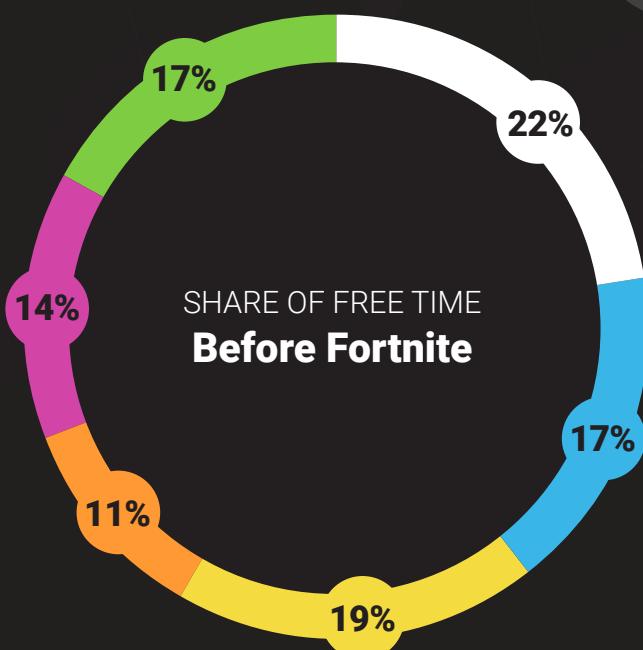
Since entering the market, Fortnite has significantly changed the way consumers spend their free time, occupying 21% of total free time among weekly players across all ages.

Fortnite occupies

21%

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ACTIVITIES



Fortnite



Gaming



Social Media



Streaming
Movies/Videos/
Sports



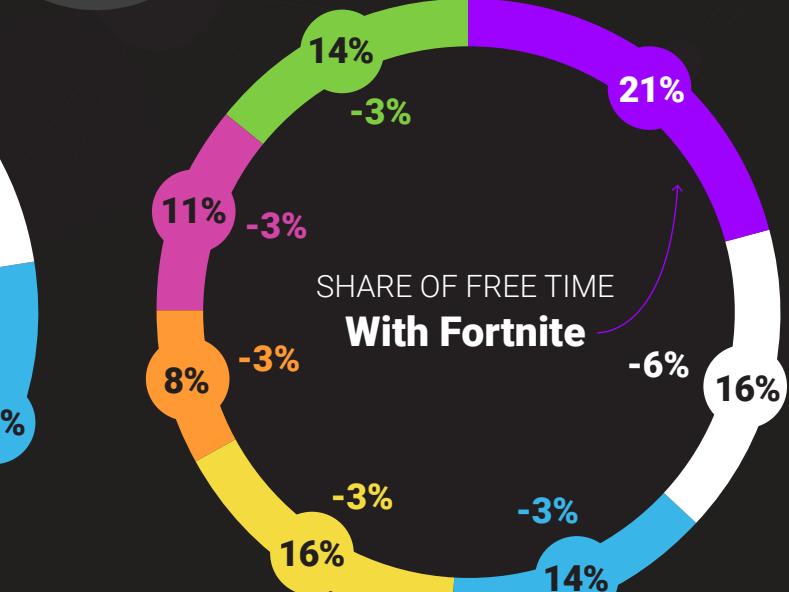
Going to the
Movies



Music or
Podcasts

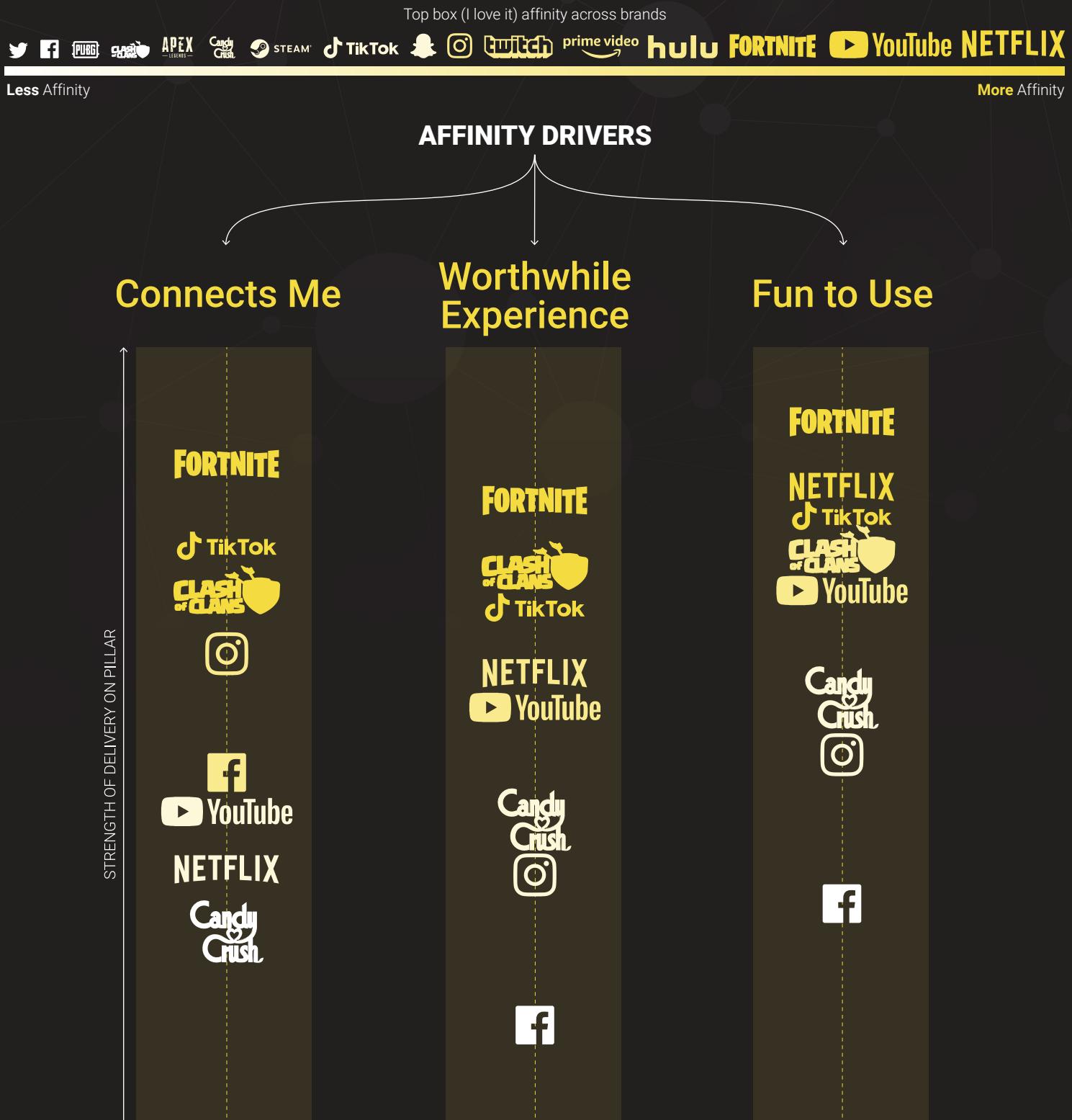


Non-Screen
Time



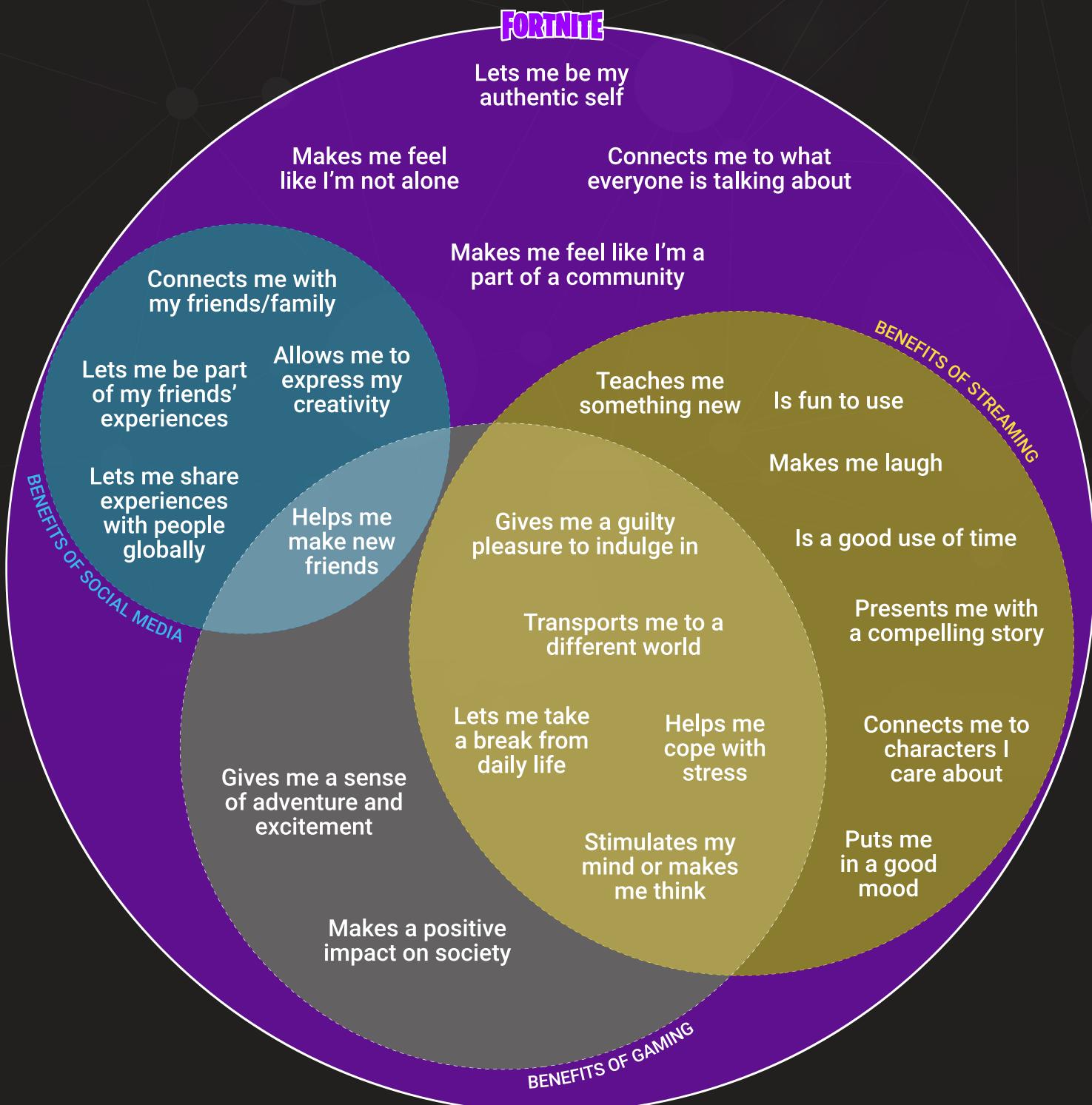
► Users love Fortnite because it delivers on 3 key pillars

Out of a wide array of emotional benefits that services and platforms offer audiences, our analysis demonstrates that these benefits can be summarized in three distinctive pillars: it connects me, is a worthwhile experience and is fun to use. Surprisingly, Fortnite is the strongest performer on satisfying audiences across all three pillars, as the platform that makes people feel good, while also providing a worthwhile experience and social connection.



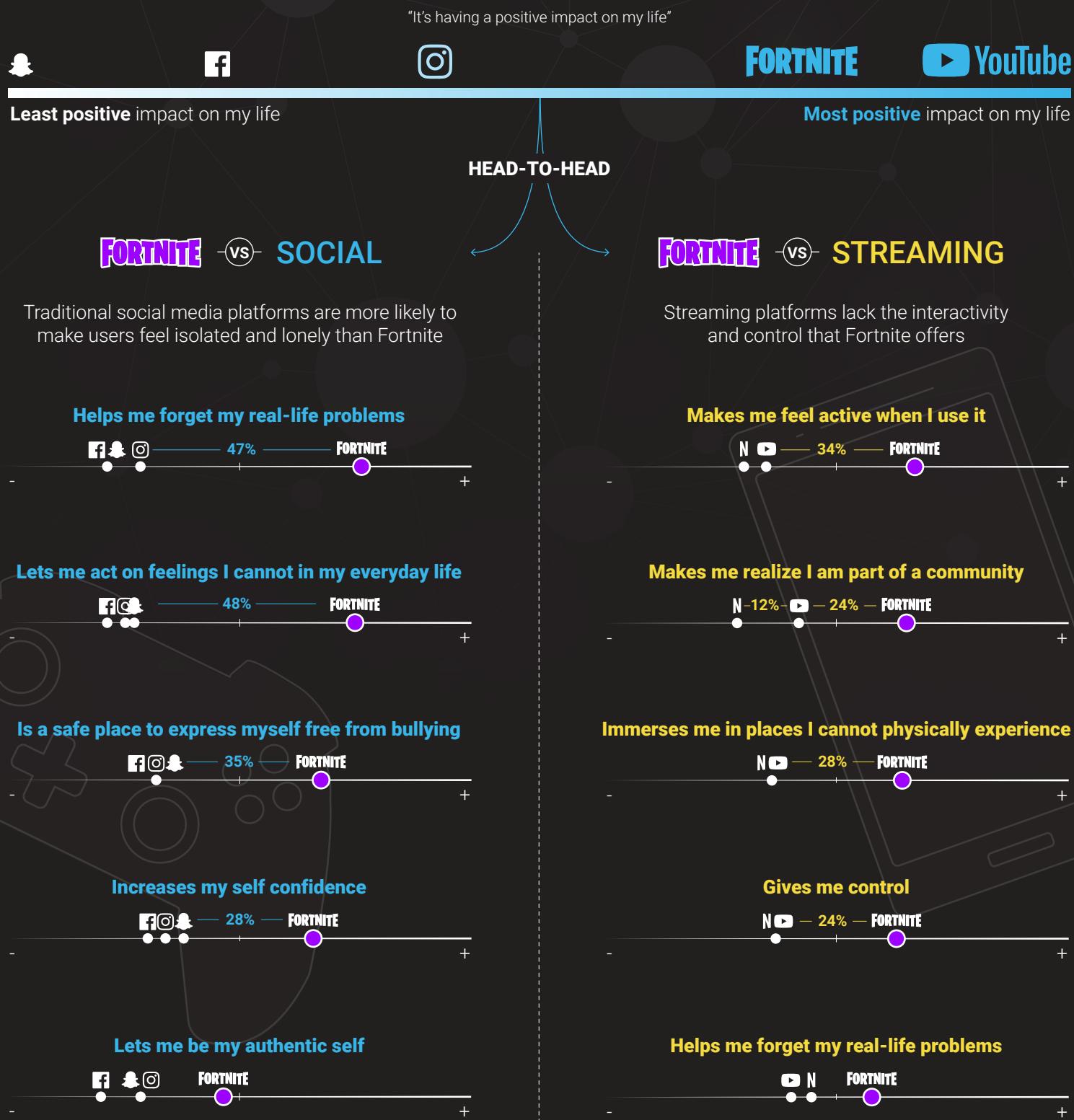
➤ Fortnite's promise extends beyond gaming, social media, or streaming

Unlike other platforms and services, Fortnite uniquely combines benefits from gaming, social media and streaming platforms, offering consumers a singular experience. Consumers say its the best place to be my authentic self and to connect to what everyone is talking about, making me feel like I'm not alone.



➤ Raising the bar for consumer experience

YouTube and Fortnite are seen as having a positive impact on users' lives because they create a sense of community. Fortnite allows users to step away from the pressures of everyday life, in an immersive, inclusive environment, while YouTube offers a unique experience for learning, discovery and sharing.



➤ Setting the stage for the future

Fortnite's status as a "third place" is reinforced by its UX, where players can choose to play or watch other users play. It also offers its own lean-back experience, as the most watched and the most streamed platform on Twitch.

These distinctive, varying layers of interactivity are a critical draw for digital natives who view Fortnite as a place to be themselves for an encapsulated moment in time, delivering on a range of emotional needs that help them escape real-life pressures and demonstrate self-expression.

With tens of millions tuning into a concert in a video game, Fortnite is disrupting the way consumers build community, and offering brands and advertisers access to significant young audiences who don't watch traditional TV.

How can brands adapt to the way Fortnite is shaping the future?

